

Message Text

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ORIGIN OPIC-06

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FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR

UNCLAS STATE 020587

E.O. 11652: N/A

TAGS: EINV

SUBJECT: OPIC INSURANCE--TALLEY INDUSTRIES--519-74-164

REF: SAN SALVADOR 0417

1. THANK YOU FOR ASSISTANCE. OPIC TEXTILE POLICY HAS NOT
CHANGED. TEXT OF PG 5.08 ELIGIBILITY OF PROJECTS--
TEXTILES, 14 JUNE 1971, READS AS FOLLOWS:

2. BEGIN TEXT. IN GENERAL, IN THE LIGHT OF PRESENT
IMBALANCE IN WORLD TEXTILE MARKETS, APPLICATIONS FOR
ASSISTANCE FOR TEXTILE PROJECTS WILL BE DISCOURAGED.
SUCH PROJECTS WILL BE CONSIDERED ONLY IN EXCEPTIONAL
CIRCUMSTANCES IN ACCORDANCE WITH THE FOLLOWING SPECIFIC
GUIDELINES;

3. 1. PROJECTS INVOLVING THE EXPORT OF TEXTILE PRODUCTS
TO THE UNITED STATES IN AN AMOUNT GREATER THAN 5 OF
PRODUCTION PER CALENDAR YEAR SHALL NOT BE ELIGIBLE FOR
OPIC INVESTMENT INSURANCE, SURVEYS, GUARANTIES, OR LOANS
EXCEPT THAT INSURANCE AND GUARANTIES WILL BE AVAILABLE
WHERE THE UNITED STATES HAS ENTERED INTO A FORMAL BILATERAL
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AGREEMENT WITH THE PROJECT COUNTRY ESTABLISHING LIMITS ON

EXPORTS TO THE UNITED STATES OF THE SPECIFIC TEXTILE

ITEMS INTENDED FOR MANUFACTURING OR PROCESSING.

4. 2. TEXTILE PROJECTS WHERE THE PRODUCTION IS DESTINED FOR LOCAL USE OR EXPORT TO THIRD COUNTRIES MAY BE ASSISTED.

5. 3. ALL INSURANCE CONTRACTS INVOLVING TEXTILE PROJECTS WILL CONTAIN A CLAUSE PROVIDING FOR AUTOMATIC TERMINATION OF OPIC INSURANCE IN EVENT MORE THAN 5 OF THE TOTAL PRODUCTION PER CALENDAR YEAR IS EXPORTED TO THE UNITED STATES IN ANY GIVEN YEAR, EXCEPT WHERE EXPORTS OF THE SPECIFIC PRODUCTS INVOLVED ARE REGULATED UNDER THE TERMS OF A FORMAL BILATERAL AGREEMENT IN FORCE BETWEEN THE HOST COUNTRY AND THE UNITED STATES. INVESTORS WILL BE REQUESTED TO PROVIDE A CERTIFICATE AT THE TIME OF PAYMENT OF ANNUAL CONTRACT FEES RESPECTING THE VOLUME OF EXPORTS TO THE UNITED STATES DURING THE PRIOR CALENDAR YEAR. THE CONTRACT ADMINISTRATION OFFICE WILL ACTIVELY REVIEW SUCH CERTIFICATES FOR COMPLIANCE.

6. 4. WITH RESPECT TO ALL PROJECTS ELIGIBLE FOR GUARANTIES UNDER PARAGRAPH 1 ABOVE AND ELIGIBLE FOR SURVEYS, LOANS, AND GUARANTIES UNDER PARAGRAPH 2 ABOVE, OPIC WILL NOT CONSIDER FINANCIAL ASSISTANCE UNLESS THERE IS SUBSTANTIAL U.S. EQUITY PARTICIPATION (25) IN THE PROJECT. IN CONNECTION WITH EACH SUCH REQUEST BEFORE ASSISTANCE IS GRANTED, A CASE-BY-CASE REVIEW WILL TAKE CAREFULLY INTO ACCOUNT U.S. DEVELOPMENTAL OBJECTIVES, THE EFFECT ON THE U.S. TEXTILE INDUSTRY, AND THE EFFECT ON THE U.S. BALANCE OF PAYMENTS. END TEXT. KISSINGER

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